

QUESTION/ANSWER SESSION I

CHAIRMAN JAMES: We have one final panelist that will be addressing the Commission. But at this point I'd like to go ahead and open up for discussion, question and answers among these various panelists. I would also encourage among the Commissioners and I would also encourage the panelists if they would like to engage in some discussion or dialogue. We have also found that to be helpful, if you want to do that among yourselves.

COMMISSIONER McCARTHY.

COMMISSIONER McCARTHY: First of all, I wanted to thank both Mr. Eadington and Mr. Kindt for the materials they mailed to me some months back when I started out on this trail of trying to understand what they have spent a lifetime studying.

Mr. Eadington, I have a question I wanted to ask you. One of the comments that you made is should we be examining whether people should be responsible for themselves or protected from themselves. That seems to suggest that unless there are really compelling public policy reasons and they would really have to be compelling, that the least government regulation and government oversight the better because it's really not justified, that this is a behavior, a free choice that we should allow people to make. Do I understand correctly what you're saying?

MR. EADINGTON: I'm not sure. Continue, please. What I was saying is that the issue of gambling poses the challenge to society at large as to how much freedom it should give to individuals to make their own decision. Historically,

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1 societies have protected lower income groups, working class from
2 various forms of gambling, primarily by geographically separating
3 where the gambling is permitted from where people live. This has
4 changed in many countries over the last decade or so. And
5 gambling has come much closer to where people live.

6 I think this is a by-product of a combination of
7 increased social acceptance of gambling as an entertainment
8 activity as well as an increased level of affluence that prevails
9 in many countries and a willingness of people to define their own
10 ethical standards rather than rely upon institutions to do so.

11 COMMISSIONER MCCARTHY: Is there any form of gambling
12 that, under that test, you would find really objectionable from a
13 society point of view?

14 MR. EADINGTON: Actually I think personally I would
15 not. I think the underlying issue behind that is that there is a
16 lot of differentiation among different types of gambling, some of
17 which may pose greater instability questions than others. This
18 is the kind of issue that has been raised over video poker in
19 recent years as being apparently or allegedly more seductive and
20 therefore, more addictive than other forms of gambling. It's an
21 issue that is likely to become more important in the years to
22 come as new technologies are developed and new ways of delivering
23 the gambling product to the consumer evolve.

24 COMMISSIONER MCCARTHY: Let me ask you to comment on
25 Internet gambling, on whether that should remain as a private
26 sector form of business, essentially unregulated and allow
27 business people to go out and compete. How do you feel about
28 Internet gambling?

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1 MR. EADINGTON: I think Internet gambling is in some
2 respects is a very difficult industry to regulate for reasons I'm
3 sure you're going to hear a lot about this afternoon. It is one
4 that certainly people have access to, along with a wide variety
5 of other products over the Internet. Whether it's desirable or
6 not is another question. The balance of benefits and costs that
7 accrue both to the consumer and to society at large may be very
8 questionable. But nonetheless, the ability of individual
9 countries or jurisdictions to prevent this from occurring is
10 going to be quite challenging.

11 COMMISSIONER McCARTHY: How do you distinguish the
12 benefits to society from Internet gambling, say, from any of the
13 major casinos in Las Vegas or Reno?

14 MR. EADINGTON: I think one thing regarding gambling
15 generally is that we have an activity that for the most part has
16 gone from a prohibited status into a limited permitted status for
17 a lot of ulterior motives; to capture economic benefits for the
18 state or for economic development purposes, whatever. As
19 gambling becomes more and more prolific, as it becomes more and
20 more available, the ability to capture those economic benefits
21 for other beneficiaries becomes limited and the ultimate
22 beneficiary or victim perhaps is the consumer himself. So the
23 implication of Internet gambling coming into the home is going to
24 be a challenge as to whether you can do anything to prevent the
25 individual from access and consuming that particular product,
26 whether it does the individual good or not.

27 COMMISSIONER McCARTHY: We have certain forms of
28 gambling that can come into the home right now.

29 MR. EADINGTON: Such as?

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1 COMMISSIONER McCARTHY: Mr. Leone, you gave me an
2 example of that I think yesterday, as I recall. Is it para-
3 mutual betting?

4 COMMISSIONER LEONE: In the state of Kentucky you can
5 bet over your cable system.

6 MR. EADINGTON: Yes.

7 COMMISSIONER McCARTHY: And I think someone said that
8 there are several states that allow that.

9 MR. EADINGTON: There are a number of states that
10 will be introducing that technology within the next year or so.

11 COMMISSIONER McCARTHY: You would ban betting at
12 home?

13 MR. EADINGTON: No, I'm not saying that at all. I'm
14 just saying that these are issues that are certainly challenging
15 from a public policy perspective. I think the ability to ban is
16 very, very limited.

17 COMMISSIONER McCARTHY: At some point we have to
18 figure out when we want to respond to the challenge. That's
19 really what I'm trying to get at here. What are the parameters
20 for public policy for us to try to address this issue? Here, you
21 say should people be responsible for themselves or protected from
22 themselves. That sounds pretty much like leave it wide open and
23 after all, people should be personally accountable. That's what
24 I think I hear coming from you.

25 MR. EADINGTON: That is certainly part of the
26 message. I think gambling along with the other purported vices
27 including alcohol and tobacco pose a lot of challenges in the
28 public policy arena insofar as a society we try to somehow

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1 constrain or limit the amount of damage that an individual can do
2 to himself through consumption of these products.

3 COMMISSIONER McCARTHY: Thank you. We've been
4 wrestling with the question of how you try to measure social
5 impact cost and I heard you say it was extremely difficult to do
6 so and to establish a causal relationship. Apparently the people
7 at the Harvard Medical Addiction Center feel that those
8 measurements are sufficiently valid for them to analyze 120
9 studies to come up with a lot of the numbers that Mr. Kindt just
10 showed us, part of it in the graphs. How would you characterize
11 the validity of the Harvard medical study? Is it something we
12 can be guided by? Is in fact there are at least four and a half
13 million pathological gamblers as that study suggests, they've
14 identified in the last several years.

15 MR. EADINGTON: I think it's a fairly good start.
16 Keep in mind, the major finding of the Harvard study is the rough
17 estimate of the severe pathological gambler and the problem
18 gambler estimates and it is not primary research, rather it is a
19 consolidation.

20 COMMISSIONER McCARTHY: I understand.

21 MR. EADINGTON: But the point is that that's about as
22 far as they can go and that's as far as Howard Schaffer purports
23 to go within that study. There's no attempt to try to link the
24 cost to the individual gamblers, even though I think other
25 researchers have attempted to do that and that has led to some
26 very misleading, not terribly useful, information.

27 COMMISSIONER McCARTHY: As you know, this Commission
28 has just authorized a national survey which will try to pinpoint
29 many of the patterns of pathological and problem gambling. Do

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1 you believe there is a way to frame questions to ask people that
2 will give valid returns, valid samples so that we can be guided,
3 state, local and federal officials of this country can be guided
4 in trying to formulate some kind of response, try to measure the
5 cost to government, whether it's in bankruptcies or crimes or
6 divorce courts or whatever it might be? Is that a valid pursuit?

7 MR. EADINGTON: I think it certainly is a valid
8 pursuit. I think what you need to keep in mind all the way
9 through with regard to research is that the ultimate product is
10 good public policy at the end. You therefore, need to build a
11 base of realistic reasonable and understandable research that
12 gives you facts as opposed to myths. I think this is the real
13 public policy challenge.

14 COMMISSIONER MCCARTHY: The difficulty I've had up to
15 now is that an awful lot of people say, hey, this is too
16 intangible, that you can't really show a causal relationship
17 between gambling and social impact problems. I notice the
18 Anderson study commissioned by part of the industry made that
19 statement in the macro-economic study, the first one out. They
20 studied the plus, the accounting side, the increase in revenues.
21 But they said really the information to try to measure social
22 problems is really just too hard to get at. It's unreliable in
23 effect. And I see that theme related over and over and over
24 again.

25 Because a lot of people have respect for you, I was
26 trying to get at whether you think we can ever come up with
27 specific answers or whether we'll be in a state of denial that
28 there are some substantial social impact costs.

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1 MR. EADINGTON; I think there are two parts of that
2 that are important. One is that we'll never get precise answers
3 because it is a very loose and intangible area we're dealing
4 with. The second and perhaps more important point, however, is
5 even though that measurement issues are very difficult, it is a
6 terrible mistake to assume therefore they don't exist. I think
7 there's a tendency for people to want to do this. If they're
8 hard to pin down, why don't we just pretend they're not there? I
9 think that is going to lead to bad public policy as well.

10 I think one can argue that if we ignore the social
11 impact issues surrounding gambling, we're likely to allow it to
12 expand to the point where as a society we say, enough is enough,
13 this is too much, we therefore, have to roll back an awful lot of
14 gambling that we have previously permitted. This is the delicate
15 balance we have with gambling.

16 CHAIRMAN JAMES: Can I ask each of the other
17 panelists to respond to the same question? I'm curious as to
18 your perspective.

19 MR. KINDT: I would like to provide some
20 transparencies again, with the indulgence of the Commission. I
21 think it emphasizes the point a little bit.

22 CHAIRMAN JAMES: Mr. Anderson, would you go ahead and
23 respond while he does that?

24 MR. ANDERSON; Again, I'm filtering all of the
25 questions and the issues from my own personal experience which I
26 guess is my most valid source of information. I tell you that
27 included in your packet is a survey that Dr. Henry Lesieur and I
28 did of compulsive gamblers and I again say that if you understand
29 the nature of the problem then the questions that you ask -- this

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1 is an easy addiction to diagnose if you know the right questions
2 to ask. If you don't know the questions to ask, you can't find
3 it and it stays very muddy and you say, well, these are very
4 difficult issues to answer.

5 CHAIRMAN JAMES: Have you formulated a list of what
6 you believe to be the right questions to ask?

7 MR. ANDERSON: We have been here in this survey. For
8 example, how many of you have attempted suicide? How many of you
9 had a definite plan? There are suicide scales in order to
10 determine that. There are measures that can say how many people
11 in the criminal justice system -- see, the beauty of gambling
12 research is that you can follow the money trail.

13 For example, every transaction I did in the
14 securities market in my gambling had a time stamp, it had a date
15 stamp, there is a specific paper trail. When I take cash
16 advances off my ATM at the casino, that ATM has a specific number
17 identifying on it that you can do a specific correlation study.

18 If I'm a credit card issuer, I can do a study, I
19 guess with the right computer programs and link up, credit card
20 delinquencies with cash advances at ATMs, at casinos or race
21 tracks or OTBs, and then I can begin to collect data. Is there a
22 correlation between bankruptcies, delinquencies and people who
23 are using that money to gamble with. So you follow the money
24 trail if you want to find out what's really going on within the
25 criminal justice system.

26 Again, you can follow the money trail because
27 gamblers steal money to gamble. There's nothing to show for it.
28 A lot of the prosecutors are used to dealing with cases of theft
29 where people use the money to go buy houses, cars, various things

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1 and with gambling they're running around wondering where is the
2 money, what did you do with the money. They say, they gambled
3 away a half a million dollars at the casino or the race track.
4 And they say people can't gamble away that. Yes, they can. You
5 follow the money trails, not only that, but the casinos have
6 cards that track people's play. So there are a lot of ways of
7 following this if we simply ask the questions.

8 CHAIRMAN JAMES: Professor Kindt.

9 MR. KINDT: Let me just preface a couple remarks
10 about Internet gambling. Sociologists I'm sure you've
11 interviewed said the more accessibility you have and the more
12 acceptability you have in gambling the more pathological gamblers
13 you'll have, the more of these problems you'll have in society.

14 When you put gambling on the Internet you maximize
15 accessibility, you maximize acceptability. You put it in every
16 living room, at every work station and it only takes one employee
17 to get hooked and bankrupt an entire company. Barings Bank is a
18 good example. And it puts it in every school. And it
19 destabilizes what the Fortune 500 companies want to do on
20 Internet gambling. So I just wanted to put that in as an impact
21 on stability of expectations, if I may. It destabilizes the
22 business environment and the financial community. It would be
23 possible for a person to use their entire life savings in one
24 night gambling in their living room. Everything is getting
25 linked together.

26 Now, talking just as -- one of my backgrounds is a
27 legal background. We talk about what's authoritative, relevant
28 and current all the time. Well, these are the Supreme Court
29 cases in the instance of how to analyze or view addictions,

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1 bankruptcy, crime and corruption. The first one is by Valerie
2 Loren, Robert Pulitzer and by Bob Yaffey the statistician that
3 did this. This is a 1990 report but it's on the strategic scale.
4 You've got to look at the strategic scale. So this is the
5 leading edge report there.

6 The leading edge report on bankruptcies is by SMR
7 research. It's less than a year old. I hope that you've
8 interviewed the authors of this because it's an excellent report.
9 It's authoritative, it's relevant, it's current, it's right on
10 the money so to speak and I would encourage you to view this as
11 your starting point for bankruptcies. It's precedent.

12 With regard to crime and corruption, the leading edge
13 report is still this 1994 report out of state of Florida, a team
14 of economists there. Their methodology is the best and the more
15 advanced with regard to trying to calculate the cost of crime in
16 society.

17 And with regard to the military cost, this is the
18 MTIS survey from which the base line was taken for pathological
19 and problem gamblers in the military in 1991.

20 And this state of California report, which I
21 mentioned earlier, this is a good overview. Remember, if you put
22 a fence up around Nevada, my distinguished colleague Professor
23 Eadington has said, well, we haven't seen this, we haven't seen
24 that. You put a fence up around Nevada and you will see
25 addictions, bankruptcies, crime and corruption off the chart. As
26 a matter of fact, Nevada right now has the highest suicide rate,
27 the highest crime rate, not every year, but it's usually in the
28 top with regard to these areas.

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1 And finally, just down the street here we have the
2 Better Government Association of Chicago. It's my understanding
3 they weren't invited to testify here. But one of the
4 Commissioners raised the point yesterday about gambling in Joliet
5 and the impacts there. And they've done several reports which
6 are leading edge reports, including reports by Professor Gazel;
7 William Thompson from the University of Nevada, Las Vegas; Dan
8 Rickman, and that would have specifically answered the point that
9 was raised with regard to the mall situation in Joliet. I've
10 seen that in one of their reports. And this is a leading edge
11 report. They should have been here.

12 Again, we need to look at the feeder markets. If you
13 look to the right there, you can see the increasing acceptability
14 and accessibility factors. But the point here is to stay focused
15 on the national scale and on the speed of the gambling. The type
16 of the gambling is not relevant per se. It's the speed of the
17 gambling as a function of how fast the money is coming out of
18 society. And then you can pretty much track the social costs as
19 a function of the speed of the gambling and how fast the money is
20 coming out of society.

21 Finally, just on the new numbers out of Harvard, 1.5
22 million people, .5 percent of the U.S. population, are new
23 pathological gamblers. These are government-created new
24 pathological gamblers. We're trying to estimate the cost. I've
25 tried to put everybody up there who said something currently with
26 regard to these new numbers, taking it out of the press. You can
27 check the citations yourself. There are numerous citations on
28 all of my tables, and again, we'll revise them as new information
29 comes out. But there's the range of social cost we're talking

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1 about. And yes, the range is large, but these are just the new
2 pathological gamblers.

3 The problem with, for example, the Arthur Anderson
4 studies, they always put in a disclaimer that says we're not
5 looking at the social cost. And the point should be raised that
6 many of these parties which are doing these studies are
7 contributing members to the American Gaming Association. This is
8 one of the AGA's ads where they put their contributors or their
9 associates. And here we have the Journal of Gambling studies.

10 My distinguished colleague, Professor Eadington here
11 is one of the editors. Henry Lesieur is the old editor; the new
12 one is Professor Schaffer. And these figures are coming from
13 people on Professor Eadington's editorial board, Duran Jacobs,
14 Lesieur, Valerie Lorenz, Robert Yaffey, Robert Pulitzer, Howard
15 Schaffer, William Thompson. So we've got 120 studies out there,
16 and they're coming straight out of these journals and the
17 literature.

18 CHAIRMAN JAMES: Thank you very much. Commissioner
19 Wilhelm.

20 COMMISSIONER WILHELM: A comment and a question.
21 Professor Kindt, your ability to extrapolate is impressive
22 indeed. I did want to try to inject one fact. That is that you
23 commented that the Harvard people wouldn't provide some of the
24 prevalence, the data and so on. It's my understanding that the
25 Harvard people are providing that data to the National Research
26 Council in connection with the work that this Commission has
27 contracted for with that group. But I have a question of Mr.
28 Anderson.

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1 Speaking personally, I can relate to your using your
2 own experience for reference point. I have what I consider to be
3 an addictive personality. I can't drink in moderation, so I
4 don't drink. I can't smoke in moderation, so I don't smoke. You
5 can't not eat, so I'm fat.

6 (Laughter.)

7 COMMISSIONER WILHELM: And in trying to look at
8 myself -- and by the way, I wouldn't be able to gamble in
9 moderation, so I don't gamble either, at least in the forms of
10 gambling we're talking about. Has anything authoritative in your
11 opinion been done to try to figure out what the relationships are
12 among different kinds of addictive behavior? Although I'm
13 certainly not an expert in the field, I do know that there's been
14 some work done on the relationship between alcohol abuse and
15 other forms of substance abuse, for example.

16 Intuitively, based on my own experience, I would
17 think that if a person isn't a gambling addict, they're probably
18 some other kind of an addict. That would be true of me. Is
19 anything authoritative been done to try to figure out what those
20 relationships might be?

21 MR. ANDERSON: The answer to that is a definitive yes
22 and no.

23 COMMISSIONER WILHELM: Speaking moderately.

24 MR. ANDERSON: Yes, speaking moderately. I think
25 unfortunately one of the great areas of negligence in addressing
26 this issue is my own profession, the mental health profession.
27 And this thing has been in DSM since 1980, but if you look at the
28 volume of literature on treatment and recovery issues, you're not
29 going to find but a handful of books. If we were at a drug and

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1 alcohol conference, we could line books and literature from that
2 end of the table over to there, but our collection of gambling
3 literature would go from there to there. So it's an issue that's
4 been broadly ignored within the mental health community. I know.
5 I train psychiatrists, psychologists all over, and they wouldn't
6 know a compulsive gambler if they stepped on one.

7 Now, having said that, there is the beginning -- see,
8 this is where the money is critical because it seems like unless
9 there's dollars for treatment or until people come into a
10 clinician's office and say my husband or my wife is gambling away
11 our estate, or my children or my parents, can you help and until
12 the clinicians are forced to look at that, then they don't start
13 even asking the questions about, okay, what do we do, how do we
14 address that and the researchers start researching. So it takes
15 dollars. When we go in to try and get programs set up, the first
16 thing administrators say is well, how are we going to get paid
17 for creating this population? And I say, well, I don't know.
18 When we're in court and judges say I want to do a deferred
19 adjudication or an alternative to sentencing, like we do with
20 drugs and alcohol, and they look at me and say, well, where are
21 the programs to refer people to? And I shrug my shoulders and
22 say, well, we really don't have many.

23 So even having said that, there are some people in
24 the field who are beginning to do research, collecting that data.
25 The Journal of Gambling Studies I guess right now is the largest
26 collection of literature and clearly there is a high percentage
27 of co-morbidity. In our survey that we did here in the
28 Chicagoland area, compulsive gamblers, almost 30 percent
29 acknowledged that they had a co-morbid alcohol problem.

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1 I can walk out of this room and take you all to any
2 of the drug and alcohol treatment programs in this city and we
3 can walk in and we can find people who are undergoing treatment
4 for drug and alcohol problems, where if we really look, their
5 primary clinical diagnosis is pathological gambling, and that
6 their substance abuse is a consequence of that but we're not
7 treating the gambling because there are no dollars out there to
8 treat the gambling but there are dollars out there to treat drug
9 and alcohol.

10 I've had compulsive gamblers go through the criminal
11 justice system where they at least recognize that there was an
12 addictive problem and they stuck them in a drug and alcohol
13 treatment program, gave them a diagnosis of substance dependence
14 even though the individual did not drink at all. Why? Because
15 the diagnosis of substance dependence was necessary in order to
16 get funding.

17 So yeah, there's co-morbid issues, but there's a
18 tremendous need for a lot more research in that area.
19 Absolutely.

20 COMMISSIONER WILHELM: Just as a follow up, if I
21 might, you were impliedly critical of the state of Illinois for
22 not providing funding, if I understood you right, for treatment
23 and you mentioned that in some way the riverboat industry in
24 Illinois does something in that area. Yesterday when we had
25 testimony from Indiana State Senator Rogers, I believe, if I
26 heard her right, she said that in the law in that state there's
27 some allocation of a portion of the gambling tax for treatment.
28 Can you tell us a little bit about either or both of those and

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1 among other things, in you view, how what's available relates to
2 what is needed?

3 MR. ANDERSON: Okay. I can speak to both of those.
4 In fact, in the state of Indiana basically the training program
5 that took place using those dollars was basically a model
6 designed by us. I trained most of the professionals. There was
7 a small amount of money that was allocated to do training, which
8 in my opinion is very inadequate. But what's happening in
9 Indiana is that the money is only going to mental health agencies
10 and many of those people do not have any training in how to treat
11 pathological gambling.

12 One of the things that we discover is that what is
13 stated and what is put in print, in other words, how it's
14 represented about what is being done when we take a look at what
15 is actually happening in reality, we discover they're in
16 different universes. For example, what happens in Indiana, there
17 is a percentage of head tax that is allocated specifically for
18 compulsive gambling and yet that's not yet being taken advantage
19 of.

20 Part of the problem also in Indiana is that when
21 people call the state run help line for compulsive gamblers, they
22 get referred to mental health agencies because that's simply on
23 their provider list and they do not get referred to the Gamblers
24 Anonymous meetings. In fact, they specifically will not refer
25 people with gambling problems in Indiana to Gamblers Anonymous
26 because they're not on the provider list that the state help line
27 runs.

28 Now, there's something very ludicrous about that in
29 my mind. So we've got a long way to go in Indiana in terms of

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1 training the professional community and how the funds are
2 allocated. I was just in South Dakota earlier this week training
3 professionals there and the universal complaint among the people
4 in the trenches, in the field was the agency said yeah, we got
5 all of \$5,000 from the state to treat gamblers. We won't even
6 advertise that we have a program because \$5,000 won't even go far
7 enough to pay for the advertising, maybe it will print some
8 brochures. We can't do anything with it. So the money that's
9 allocated is not enough.

10 Let me comment on the industry here in Illinois. The
11 state, as I have said, has been grossly negligent and I stand by
12 that and we have plenty of evidence for that.

13 COMMISSIONER WILHELM: I guess I shouldn't have said
14 impliedly.

15 MR. ANDERSON: No, there's nothing implied here at
16 all. That's the track record. However, the industry has stepped
17 forward in that vacuum and I think that it seems to me that what
18 the industry decided is that they would rather do some things to
19 determine their own fate and their own direction as opposed to
20 waiting for the bureaucrats and the legislators to come in and
21 tell them what to do.

22 Now, what the industry has done in Illinois has been
23 a good start. They've provided funding for the statewide help
24 line that actually is funding for the National Council on Problem
25 Gambling help line which by the way was expanded through money
26 from Harrah's Corporation several years ago. So the National
27 Council on Problem Gambling, 800-522-4700 help line, you can call
28 that anywhere in the United States anytime of the day, any day of
29 the week and you can get help.

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1 Now, the Illinois Casino Gaming Association has
2 funded that. That's been operated primarily by a private entity.
3 They've also funded the Illinois Council on Problem and
4 Compulsive Gambling for the last several years to do training,
5 public awareness and education, training of the professional
6 community. However, having said that, all that is the under the
7 heading of the industry's responsible gaming program or Project
8 21. I want to say very specifically that that program is a good
9 start. It's necessary. It begins to get a prevention message
10 out there, but the program is only as good as the advertising.

11 And if you look at the data from the help line that
12 was presented to the Illinois Gaming Board last month or two
13 months ago, what it shows is that 80 percent of the calls to the
14 official help line here in Illinois came from the gamblers. What
15 that says to me is that the number is not being broadly
16 advertised, because in places where the number is being broadly
17 advertised, half of the calls coming into the help lines come
18 from spouses, family members, employers. So until that number is
19 put on billboards, it's put in the newspaper, where the radio
20 PSAs that we have developed are being played on the radio, then
21 half of the population that needs to hear the message is not
22 getting the message. So we can have the most wonderful program
23 in place, and if they're not getting the message then it does not
24 good or it does limited good.

25 Now, the other thing that's critical to remember is
26 that the industry's responsible gaming program does not address
27 compulsive gambling. You do not send a message to the alcoholic
28 to know when to say when. They've long since passed that point.
29 The industry message is bet with your head and not over it, and

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1 they are prevention message for the people who have not crossed
2 the line yet. I applaud that. It's necessary. It's imperative.
3 But I repeat, it is not a program designed to address problem and
4 compulsive gambling. So we have to move in that whole additional
5 direction.

6 I think it's very difficult, it's a difficult issue
7 for the industry to address because they're in the business of
8 making money and clearly people who have gambling problems are
9 contributing a tremendous amount of revenue. I don't know how
10 much. I'm not a statistician, but I know it's a lot of
11 tremendous amount of revenue to the industry. So there are a lot
12 of problems.

13 But the program only goes so far. And insofar it
14 hasn't gone further. We've got a long way to go but we've gotten
15 a start.

16 COMMISSIONER WILHELM: Thank you.

17 CHAIRMAN JAMES: Commissioner Moore.

18 COMMISSIONER MOORE: I'd just like to make one
19 comment. We hear all of you people report about the research
20 that you've done. We see all your papers and it's almost too
21 many to read. It's like in medicine, you can't read it all. I
22 just hope that the people in the audience, especially news
23 reporters, realize what a heck of a job that these nine people
24 sitting around here are going to have to do. All of you people
25 who report all of what you find, but I don't see any answers of
26 what to do.

27 I don't really believe that we're going to do away
28 with gambling. I don't believe that that's the function of this
29 committee. So what we're looking for, what I'm looking for, it's

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1 not going to be too long that someone on this committee is going
2 to have to sit down and decide what's going to be in this report,
3 and what we're going to recommend.

4 I think if we come out with a report without
5 recommendations, then we don't have really a report. So this is
6 the problem that I'm facing. What in the world are we going to
7 recommend that this country do, if the country does anything?

8 MR. KINDT: If I could address that. That's one
9 reason why I tried to put the leading edge reports up there was
10 to simply the process. None of those were by me, by the way.
11 They're by the leading edge people, as I would judge them, as the
12 most authoritative people out there. I would urge the Commission
13 to use those as a starting point for the methodology in doing the
14 research.

15 With regard to the question about how do you
16 determine what's a pathological gambler, the majority rule, as we
17 say, is the South Oaks gambling screen. That's the most widely
18 used, the most widely accepted. Henry Lesieur and associates
19 developed it and that seems to be the rule. I don't think we
20 should rewrite the rule. It's precedent. It's been there for
21 years and years. That should be used. The minority use is the
22 MGS or the Massachusetts gambling screen and they're both just
23 about the same. You're not really comparing apples and oranges
24 but they get results which can be analyzed. So I would just draw
25 your attention to that.

26 Finally, I would say that on the methodology on some
27 of these, the methodology has been published in the Journal of
28 Gambling study by Dr. Lorenz. I remember reading a 1990 article.
29 So this is out there. The information is there. In my tables,

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1 what I tried to do is simply report what the other experts are
2 saying around the country. If they correct me, I'll be glad to
3 revise those numbers. You can see in the tables some of the
4 numbers haven't been filled in yet. I'll be happy to fill those
5 in. I'm just waiting for the information. But I tried to simply
6 the process for the Commission to some extent in trying to get a
7 handle on what the studies are that are out there and I think
8 most of them are listed in my footnotes.

9 MR. EADINGTON: I'd like to address that, if I could.
10 I think one of the issues that we need to look at is that we've
11 gone from prohibition to permitted gambling under a regulated
12 environment over the last 25 years. We have largely concentrated
13 on insuring the integrity and honesty of the various commercial
14 gaming industries that have been authorized. I think that
15 certainly has been both a legitimate activity and one that we
16 have been somewhat successful in achieving.

17 However, if we look at other jurisdictions, notably
18 the United Kingdom, one of the explicit charges of its regulatory
19 structure, along with protecting the integrity of the industry
20 and ownership and accounts is to also protect the vulnerable as
21 an explicit charge of the regulatory body. If this is indeed a
22 wise direction to go, and if the analysis provided by a lot of
23 researchers in problem gambling is that problem gamblers are a
24 distinct minority, a very small proportion of all the customers
25 involved in gambling, I think the direction of public policy is
26 to try to identify and isolate problems gamblers and provide
27 protections for them without interfering with the rights of the
28 other 95 or 98 or 99 percent of the population.

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1 One possible direction to start thinking about is
2 parallel to what we do with driver's licenses. If indeed people
3 have the right to pursue an activity, to drive a motor vehicle,
4 unless they abuse that right, we should start looking at
5 technological or other policy alternatives that would allow us to
6 isolate the problem gambler and revoke rights to participate in
7 mainstream bona fide gambling. This I suspect is going to be
8 very difficult to achieve, but given the kinds of directions and
9 technology I suspect over the next ten or 20 years, we will
10 probably have the ability to foreclose some people from
11 mainstream gambling especially if it is state sanctioned or state
12 operated.

13 CHAIRMAN JAMES: Commissioner Dobson.

14 COMMISSIONER DOBSON: Professor Kindt, I was the
15 person who asked the question yesterday of Mr. Thanas with regard
16 to the mall in Joliet. He seemed to indicate from his view that
17 its closure had nothing to do with the riverboat situation. You
18 just mentioned it again. Is there more information for us?

19 MR. KINDT: Well, as I indicated, I recall reading I
20 think it was a newspaper article reported from the Chicago
21 Tribune in the Better Government Association report of a few
22 years ago, there have been several news media personnel out there
23 who have reported that that was at least one of the causes for
24 the closing of this establishment. I don't mean to personalize
25 this, but I happen to be one of those parties last fall when a
26 crew came over from the United Kingdom who heard about this and
27 they were interviewing people right there in the mall. There
28 were about five or six stores left, all the rest were closed. I
29 remember it in particular, because they took my picture under the

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1 one major activity that was still going on there which was an
2 off-track betting parlor. So they filmed me underneath that
3 particular sign.

4 COMMISSIONER DOBSON: Would you comment just
5 generally, on the criticism of the research in this area that it
6 is not academically supportable and lacks validity and
7 reliability and so on?

8 MR. KINDT: I don't want to address another panelist,
9 but one of the questions to simplify my job in collecting the
10 data, I'd like to ask my colleague here, Professor Eadington,
11 what he says are the annual cost of a pathological gambler to
12 society for a year or what he thinks the range of that would be.
13 I think that we have to go with what we call the best evidence.
14 We look for authority. We look for the most relevant and current
15 authority that we have. Some of these reports were done in 1994.

16 But one of the interesting things about the Florida
17 report and one that I did in 1994, which by the way, was
18 indirectly confirmed by Harvard with their projections when they
19 reported the increases in pathological gambling is that they were
20 basically done without knowledge of the others. So there were
21 three reports which came out in 1994; mine, one out of Florida
22 and one by Professor Goodman which were basically looking at the
23 same issues and arrived at similar types of conclusions. So
24 there was an independent corroboration there.

25 But that aside, there are 120 studies out there. And
26 we have to assume that they're done reasonably in good faith.
27 Nothing is ever perfect. But we need to be able to draw some
28 conclusions from these and there's a sufficient amount of data
29 out there that we can put the range of what the costs are.

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1 COMMISSIONER DOBSON: I spent 11 years in full time
2 research at the University of Southern California School of
3 Medicine. Research is always a compromise and it's never
4 perfect. But you can eventually begin to get at an
5 understanding. I think it's a mistake to just wave it off. That
6 begins to feel to me a little bit like the tobacco industry
7 telling us for many years we weren't able to find out that
8 cigarettes were harmful, when in fact the truth was right there
9 in front of us all the time.

10 One other question to Mr. Anderson. Do I understand
11 from your written report that you take gambling contributions
12 toward your operation, your treatment program, is that right?

13 MR. ANDERSON: Yes, sir. The Illinois Council has
14 been funded by the Illinois Casino Gaming Association for the
15 last several years and prior to that a small amount of money from
16 individual casinos.

17 COMMISSIONER DOBSON: Does that influence the way you
18 operate at all?

19 MR. ANDERSON: Well, since I'm under oath and since
20 I'm sitting in a room full of people who are in the process of
21 determining right now whether we're going to receive ongoing
22 funding, that places me in the middle here in a very difficult
23 situation. The answer to that is yes and no.

24 There are segments of the industry, corporations,
25 individuals that are very concerned with this issue and have been
26 very pro-active. There are other segments of the industry that
27 wonder why the heck they're doing anything at all to address the
28 issue of problem and compulsive gambling and it's my experience
29 there are those in the middle who say, well, we don't really want

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1 to deal with it, but I guess since we're out of Atlantic City and
2 out of Nevada, I guess it makes good business sense and we have
3 to deal with it.

4 The way it plays out is that with specific issues,
5 even though the funds are contributed with the statement that
6 there is no strings attached, the fact is within some segments of
7 the industry there are strings attached. We're in an awkward
8 position in that when I get calls from the media and asked about
9 specific issues, I'm going to address them honestly. I'm going
10 to address them out of our experience and I'm going to address
11 them on the basis of the calls that we get.

12 I was in a meeting with the Illinois Casino Gaming
13 Association last fall and I was asked by one of the members,
14 quote, "how do you weigh in the balance, what you say to the
15 media versus biting the hand that feeds you?" Now, the
16 individual that asked me that question I don't believe for a
17 second that that was his position. I believe he was verbalizing
18 that on behalf of some of the industry representatives that were
19 there. Because as it happens, there was an article that appeared
20 in the newspaper, there was a formal complaint filed with the
21 Illinois Gaming Board with regard to the extension of credit.
22 There was an individual who filed that. The issue came under
23 review.

24 I was called by the media and asked to respond to a
25 quote by the administrator of the Illinois Gaming Board who
26 testified yesterday who basically said we don't really have any
27 evidence that there's any problem here. The extension of credit
28 is simply a courtesy extended to high rollers.

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1 I told the reporter that you cannot print my first
2 response but my second response is I know many, many, many, many
3 compulsive gamblers who have been extended credit by the casinos
4 who couldn't borrow a plug nickel from the stick man down the
5 street. It is a common occurrence with problem and compulsive
6 gamblers. That issue was widely discussed at the Illinois Casino
7 Gaming Association meeting and it was out of that context that I
8 was asked that question. And when they asked me how I weigh in
9 the balance, what I say to the media versus biting the hand that
10 feeds me, I said I do not. That our message is the same today
11 with funding as it was yesterday when we were talking on the
12 phone out of the living room of our house, paying for it out of
13 our own pocket as it would be tomorrow if they decided to stop
14 funding the organization.

15 So there is an ongoing tension there that is very
16 real, that is very alive, that is very awkward to deal with and
17 your very question places me in an awkward position. That is the
18 fact and I know there are people in the industry that are well
19 aware of this and we've had discussions.

20 In fact, right now we're in discussions about ongoing
21 funding for the program. We had an agreement that lapsed and it
22 was voted to not continue the agreement, except we have ongoing
23 funding now on a month to month basis with a ten day termination
24 clause in it. So we're not at a place right now where we can
25 plan for ongoing programs because we have no assurance that we
26 will have any funding ten days from now.

27 COMMISSIONER DOBSON: Forgive me for asking the
28 question. It's obviously delicate.

29 CHAIRMAN JAMES; Mr. McCarthy.

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1 COMMISSIONER McCARTHY: One quick question to Mr.
2 Anderson. It's on the same subject. Yesterday we had one or two
3 witnesses of whom I raised the issue of credit card usage and
4 extension of credit. Not at this moment, but if there are a
5 compendium of experiences which you have had, and I apply this to
6 any of you, regarding how credit cards or ATM ease of
7 availability or anything in this area lends to worsening the
8 problems of pathological or problem gamblers, I would very much
9 appreciate receiving information. I think it's an area that we
10 want to pursue and get much better defined in our mind.

11 Right now, the data we have is very, very loose.

12 MR. ANDERSON: I know there are a number of other
13 members of other state councils here in the audience and I think
14 they'd be more than happy to do that. I would comment that
15 what's interesting to note is that when gambling is legalized and
16 proliferated, we use the term we want people using their
17 discretionary entertainment dollars. I would say that, for the
18 compulsive gamblers that we know, by definition when they're
19 using their credit card to take cash advances, unless they're
20 paying that amount off within 30 days and using their credit card
21 as a cash management tool, by definition they've crossed the line
22 into using borrowed money in order to gamble.

23 COMMISSIONER McCARTHY: I think what I'd like to
24 suggest doing is if you could see us after and maybe contact, if
25 I may Madam Chair, Tim Kelly our research director, we could
26 formulate some questions so that we go about this in a somewhat
27 uniform way.

28 CHAIRMAN JAMES: As a matter of fact, as we bring
29 this particular portion of this panel to a close, I would like to

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1 suggest to all three of our presenters that you stay in close
2 contact with the Commission as we go about our work. Any
3 additional information that you would like to submit to us, we
4 would be happy to receive. And we would particularly be
5 interested in your continued comment on the work.

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